

September 27, 1998

George Douglass
Callao Star Route, Box 380
Wendover, Utah 84083

Mr. Glen A. Allred, Treasurer
Red Cedar Corporation
Star Route 705
Trout Creek, Utah 84083

JD **RECEIVED**
SEP 29 1998
WATER RIGHTS
SALT LAKE

Dear Mr. Allred:

In reference to your letter of September 22, 1998, concerning our lease agreement for 20 gallons of water per minute from Granite creek, I would like to point out the fact that after one winter of trying to divert water through the bypass line, and the freezing problem encountered, we ceased this practice of diverting water during the winter.

Each year by the end of November, we have disconnected from the bypass pipe and completely drained our Granite pipeline. Most years we do not turn it on again until the end of February or the first part of March, depending on the weather.

If your only concern with our using the bypass line is that of our building fires, you can be assured that this will not happen, if it does, the River Commissioner should be notified to ascertain who has been building any fires in the vicinity of Granite creek dam. Due to the physical constraints of the structure, we see no other practical way of diverting water, therefore, have not considered any other means of diverting our 20 gallons of water per minute. That bypass pipe serves no other function that we can see.

We look forward to working with you with a workable agreement.

Sincerely,

George Douglass

George Douglass

cc: State Engineers Office